Global Environment Facility
Grant Agreement

(Biodiversity Conservation in Productive Forestry Landscapes Project)

between

ARGENTINE REPUBLIC

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
acting as an Implementing Agency of the Global Environment Facility

Dated , 200_
GLOBAL ENVIRONMENT FACILITY

GRANT AGREEMENT


The Recipient and the World Bank hereby agree as follows:

Article I

Standard Conditions; Definitions

1.01. The Standard Conditions for Grants Made by the World Bank out of Various Funds, dated July 20, 2006 (“Standard Conditions”), constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in the Appendix to this Agreement.

Article II

The Project

2.01. The Recipient declares its commitment to the objective of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall carry out the Project through SAGPyA in accordance with the provisions of Article II of the Standard Conditions.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.
Article III

The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to seven million United States Dollars ($7,000,000) ("Grant") to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

Article IV

Effectiveness; Termination

4.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished that the following condition has been satisfied, namely that the execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental and corporate action.

4.02. As part of the evidence to be furnished pursuant to Section 4.01 (a) of this Agreement, there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank showing, on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms; and

4.03 Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01 of this Agreement. If before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

4.04 This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by December 26, 2008.
Article V

Recipient’s Representative; Addresses

5.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Economy and Public Finance.

5.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministerio de Economía y Finanzas Públicas
Hipólito Yrigoyen 250
C1086AAB, Buenos Aires, Argentina

Cable: MINISTERIO DE DE ECONOMIA Baires
Telex: 121942-AR
Facsimile: (54 11) 4349-8815

5.03. The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: INTBAFRAD
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391
AGREED at _________________________________,
as of the day and year first above written.

ARGENTINE REPUBLIC

By

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
acting as an Implementing Agency of the
Global Environment Facility

By

Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to increase integration of biodiversity-responsible practices and policies into the plantation forestry sector at the Recipient and provincial levels.

The Project consists of the following parts, subject to such modifications thereof as the Recipient and the World Bank may agree upon from time to time to achieve such objective.

Part 1: Strengthening of Institutional Capacity

(a) Creation of the required capacity for the environmental and forestry agencies at the Recipient and provincial levels, through: (i) the provision of specialized training to Recipient and provincial officials, researchers and extension agents, on biodiversity and ecosystem integrity and management, enrichment planting, environmental impact assessments and strategic environmental assessments; (ii) the provision of the necessary information systems equipment; and (iii) the carrying out of study tours for the observance of best practices and ecoregional planning and management, for the Recipient and provincial forestry officials.

(b) Promotion of a Recipient and provincial forestry dialog on biodiversity, through: (i) the carrying out of workshops, complemented with study examples of international best practices in settings similar to those of provincial plantation forests; (ii) the development of detailed ecological and planning maps in selected ecosystems of global importance; (iii) the creation, maintenance and publication on the internet of an electronic environmental monitoring system integrated with native forest and plantation inventories; and (iv) the strengthening of provincial capacities and systems for monitoring biodiversity in the productive forestry landscape.

(c) Strengthening of the policy, legal and economic incentive framework on forest plantations, through the carrying out of an analysis on current legislation, policies and incentive systems to identify potential weaknesses and propose effective legal protections to improve biodiversity at the Recipient and provincial levels.

Part 2: Technology Transfer for Biodiversity

(a) Development and dissemination of specific biodiversity-responsible techniques in plantation management with emphasis on fragile and endangered elements
of the ecosystem, through: (i) the carrying out of field evaluations for the understanding of the technical dynamics related to plantations composed of native species, together with an economic analysis of the alternative approaches for the design and management of native plantations; (ii) the carrying out of field trials with native species focusing on species growth and behavior in mixed stands; and (iii) the carrying out of multisectoral consultations (involving small, medium and large-scale producers, Recipient and provincial government institutions, academia and non-governmental organizations) for the development of standards and best practices for biodiversity-responsible practices in the forestry sector.

(b) Integration of biodiversity conservation into productive practices, through: (i) the development of training programs for agriculture and forestry extension agents; and (ii) the design and implementation of programs promoting biodiversity-responsible forestry practices in universities and technical/vocational schools in the two primary forestry regions in the Recipient’s territory (Patagonia and Mesopotamia regions).

Part 3: Adoption of Biodiversity-responsible Plantation Forestry Practices.

(a) Promotion of sustainable production alternatives, through: (i) the provision of Subgrants to Beneficiaries to carry out activities on conservation forestry and production, silviculture and conservation, diversification of the production of forestry landscape, and/or any other activity of similar nature acceptable to the World Bank; (ii) the carrying out of a public awareness campaign to support the conservation of ecosystems and to disseminate sustainable production alternatives; and (iii) preparation and dissemination of materials to promote native forest species.

(b) Promotion of biodiversity conservation for large producers, through: (i) the creation of forestry roundtables covering biodiversity conservation themes; (ii) the provision of technical assistance to producers interested in obtaining a forestry certification; and (iii) the identification of options for new protected areas and buffer zones in plantation regions within the Recipient’s territory.

Part 4: Project Implementation, Monitoring and Evaluation

(a) Provision of support for Project implementation and strengthening of the PIU, through the provision of technical assistance, financing of operating costs, technical staff (excluding civil servants) and provision of the necessary goods and equipment required under the Project.

(b) Design and implementation of a monitoring and evaluation system for the Project.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Subsidiary Agreements/Safeguards

1. The Recipient, through SAGPyA, for the purposes of implementing Part 3(a)(i) of the Project, shall:

   (a) enter into an agreement (the “Subproject Agreement”), with each Beneficiary, substantially in accordance with the terms of the model Subproject Agreement (contained in the Operational Manual) and including, _inter alia:_ (i), the Recipient’s obligation to: (A) make part of the Grant proceeds available to the Beneficiary in the form of Subgrants for the purposes of financing the Subproject in question; and (B) comply with the provisions of the pertinent plan referred to in Section I.A.3 (below), as applicable; and (ii) the Beneficiary’s obligation to: (A) use the proceeds of the Subgrant exclusively for carrying out the Subproject in question; (B) have the goods, works and services for the subprojects be procured in compliance with the provisions of Section III of Schedule 2 to this Agreement; (C) take all action necessary to facilitate compliance with the terms of paragraph B of Section II of Schedule 2 to this Agreement in connection with the Subprojects; (D) co-finance the cost of the pertinent Subproject, as provided in the Operational Manual; (E) abide by the technical and environmental practices and systems required for the Subprojects as set forth in the Operational Manual; (F) participate in periodic self-assessment and monitoring of the Subprojects; and (G) furnish to the World Bank any information reasonably requested with respect to the Subprojects, as well as provide access reasonably requested to Subproject sites, facilities and equipment; and

   (b) exercise its rights and comply with its obligations under each of the Subproject Agreements in such manner as to protect the interests of the World Bank and to accomplish the objective of the Project, and, except as the World Bank shall otherwise agree, the Recipient, through SAGPyA, shall not assign, amend, abrogate, waive or fail to enforce any of the Subproject Agreements or any of their provisions thereof.

2. Without limitation to the provisions of Section I.A.1 (a) above, the Recipient, through SAGPyA, shall, and shall cause the pertinent Beneficiary to, prior to the carrying out of any activity under the pertinent Subproject, sign the corresponding Subproject Agreement.
3. In the event that an indigenous group has presented a Subproject proposal which meets the criteria set forth in the Operational Manual, and as part of the approval process, the Recipient, through SAGPyA, shall, prior to complying with its obligation set forth in Section I.A. 1 (a) and 2 above: (a) prepare and furnish to the World Bank, an indigenous peoples plan, acceptable to the Bank (which plan shall be prepared in accordance with the Indigenous Peoples Planning Framework) in respect of said Subproject; and (b) thereafter implement and/or cause to be implemented said plan in accordance with its terms.

B. Other

1. The Recipient, through SAGPyA, shall carry out the Project in accordance with the provisions of:

   (a) the Environmental Management Plan;

   (b) the approved annual operating plans, satisfactory to the World Bank, detailing the Project activities proposed to be carried out during each succeeding year of Project implementation and setting forth the respective sources of funding therefor; and

   (c) the Operational Manual.

2. In case of any inconsistency between any provision of the Operational Manual and this Agreement, the provision of this Agreement will prevail.

3. The Recipient, through SAGPyA, shall maintain and strengthen, until completion of the Project, a unit within the forest directorate of SAGPyA, responsible for the management, coordination, supervision, monitoring and evaluation of the Project. Said unit shall have a structure, responsibilities and key staff with functions, experience, responsibilities and qualifications acceptable to the World Bank.

4. The Recipient, through SAGPyA, not later than 30 days after the Effective Date of this Agreement, shall create and thereafter maintain a Technical Advisory Committee with membership, functions and responsibilities satisfactory to the World Bank, including: (a) overseeing Project execution; (b) supporting the selection and execution of Subprojects, in accordance with the procedures defined in the Operational Manual; and (c) overseeing monitoring and evaluation activities under the Project.
Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient, through SAGPyA, shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth below in the Operational Manual. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

2. The Recipient, through SAGPyA, shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Recipient, through SAGPyA, shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient, through SAGPyA, shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than one month after the end of each calendar semester, covering the semester, in form and substance satisfactory to the World Bank.

3. The Recipient shall, on an annual basis, have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods, works and Non-Consultant Services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:
(a) Section I of the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 (“Procurement Guidelines”) in the case of goods, works and Non-Consultant Services, and Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 (“Consultant Guidelines”) in the case of consultants’ services; and

(b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines (“Procurement Plan”).

2. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

3. Special Provisions. Without limitation to the provisions in Section III A.1 of this Schedule, the following additional provisions shall also govern the procurement of goods, works, Non-Consultant Services and consultants’ services under the Project (as the case may be):

(a) procurement of goods, works, Non-Consultant Services and consultants’ services (in respect of firms) shall be carried out using standard bidding documents and standard requests for quotations/proposals, all acceptable to the Bank, which shall all include, inter alia, a settlement of dispute provision;

(b) a two-envelope bidding procedure shall not be allowed in the procurement of goods, works and Non-Consultant Services;

(c) after the public opening of bids for goods, works and Non-Consultant Services, information relating to the examination, clarification and evaluation of bids and recommendations concerning awards, shall not be disclosed to bidders or other persons not officially concerned with this process until the publication of contract award. In addition, bidders and/or other persons not officially concerned with said process shall not be allowed to review or make copies of other bidders’ bids;

(d) after the public opening of consultants’ proposals, information relating to the examination, clarification and evaluation of proposals and recommendations concerning awards, shall not be disclosed to consultants or other persons not officially concerned with this process until the publication of contract award (except as provided in paragraphs 2.20 and 2.27 of the Consultant Guidelines). In addition, consultants and/or
other persons not officially concerned with said process shall not be allowed to review or make copies of other consultants’ proposals;

(e) bidders or consultants shall not, as a condition for submitting bids or proposals and/or for contract award: (i) be required to be registered in Argentina; (ii) have a representative in Argentina; and (iii) be associated or subcontract with Argentine suppliers, contractors or consultants;

(f) the invitations to bid, bidding documents, minutes of bid openings, requests for expressions of interest and the pertinent summary of the evaluation reports of bids and proposals of all goods, works, Non-Consultant Services and consultants’ services, as the case may be, shall be published in the web page of the Recipient’s Office of National Procurement (Oficina Nacional de Contrataciones), and in a manner acceptable to the Bank. The bidding period shall be counted from the date of publication of the invitation to bid or the date of the availability of the bidding documents, whichever is later, to the date of bid opening;

(g) the provisions set forth in paragraphs 2.49, 2.50, 2.52, 2.53, 2.54 and 2.59 of the Procurement Guidelines shall also be applicable to contracts for goods, works and Non-Consultant Services to be procured under National Competitive Bidding procedures;

(h) references to bidders in one or more specialized magazines shall not be used by the Recipient in determining if the bidder in respect of goods whose bid has been determined to be the lowest evaluated bid has the capability and resources to effectively carry out the contract as offered in the bid, as referred to in the provision set forth in paragraph 2.58 of the Procurement Guidelines. The provision set forth in paragraph 2.58 of the Procurement Guidelines (including the limitation set forth herein) shall also be applicable to contracts for goods to be procured under National Competitive Bidding procedures;

(i) witness prices shall not be used as a parameter for bid evaluation, bid rejection or contract award;

(j) the Recipient shall: (i) supply the Bank’s publicly accessible Procurement Plans Execution System (SEPA) with the information contained in the initial Procurement Plan within 30 days after such plan has been approved by the Bank; and (ii) update the Procurement Plan at least biannually, or as required by the Bank, to reflect the actual project implementation needs and progress and shall supply said Bank’s Procurement Plans Execution System with the information contained in the updated Procurement Plan immediately thereafter;
(k) consultants shall not be required to submit bid or performance securities; and

(l) the types of contracts described in Section IV of the Consultant Guidelines shall be the only types of contracts to be used by the Recipient in connection with the contracting of consultants’ services provided by a firm and to be financed with the proceeds of the Grant.

B. Particular Methods of Procurement of Goods, Works and Non-Consultant Services

1. International Competitive Bidding. Except as otherwise provided in paragraphs 2 and 3 below, goods and Non-Consultant Services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. National Competitive Bidding. Except as otherwise provided in paragraph 3 below, goods, works and Non-Consultant Services shall be procured under contracts awarded on the basis of National Competitive Bidding.

3. Other Methods of Procurement of Goods, Works and Non-Consultant Services. The following methods, other than International and National Competitive Bidding, may be used for procurement of goods, works and Non-Consultant Services for those contracts specified in the Procurement Plan which the World Bank agrees meet the requirements set forth in the Procurement Guidelines for their use: (a) Shopping; (b) Direct Contracting; and (c) established private or commercial practices which have been found acceptable to the World Bank, in respect of Subprojects.

C. Particular Methods of Procurement of Consultants’ Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. Other Methods of Procurement of Consultants’ Services. The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants’ services for those assignments which are specified in the Procurement Plan which the World Bank agrees meet the requirements set forth in the Consultant Guidelines for their use: (a) Least Cost Selection; (b) Selection based on Consultants’ Qualifications; (c) established private or commercial practices which have been found acceptable to the World Bank, in respect of Subprojects; (d) Selection under a Fixed Budget; and (e) Selection of Individual Consultants.
D. **Review by the World Bank of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

**Section IV. Withdrawal of Grant Proceeds**

**A. General**

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods (except as covered by Category (4) below)</td>
<td>172,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultants’ services (except as covered by Category (4) below)</td>
<td>2,175,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Training</td>
<td>1,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Goods, works, Non-Consultant Services and consultants’ services under Subprojects</td>
<td>2,400,000</td>
<td>100%</td>
</tr>
</tbody>
</table>
### Table

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(5) Incremental Operating Costs</td>
<td>150,000</td>
<td>100%</td>
</tr>
<tr>
<td>(6) Unallocated</td>
<td>903,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>7,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

3. For the purposes of this Schedule, the terms:

   (a) “Incremental Operating Costs” means expenditures (other than those for consultants’ services) incurred by the Recipient in connection with the implementation of the Project, all which would not have been incurred absent the Project, including the operation and maintenance of motor vehicles, equipment and computer maintenance, office supplies, rent for office facilities, utilities, insurance, travel and per diem costs for technical staff carrying out training, supervisory and quality control activities and banking fees; and

   (b) “Training” means expenditures (other than those for consultants’ services) to finance the reasonable cost of facilitators and/or services of trainers, meeting rooms, publications, and travel (including study tours) and meals of attendees of training events (including seminars) organized under the Project.

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $1,400,000 equivalent may be made for payments made prior to this date but on or after August 1, 2007 (but in no case more than one year prior to the date of this Agreement), for all Eligible Expenditures.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is August 31, 2013.
APPENDIX

Definitions.

1. “Beneficiary” means an association, non-governmental organization, academic institution, farmers, producer associations, corporation or other agency, or an association or other organization representing a community, all of which meet the criteria set forth in the Operational Manual to carry out a Subproject.


3. “Effective Date” means the date referred to in Section 4.04 of this Agreement.

4. “Environmental Management Plan” means the plan prepared by the Recipient and furnished to the World Bank on April 26, 2007, which sets out the environmental protection measures for the Project, including protection of natural habitats and concrete guidelines for the use of pesticides under the Project, as well as administrative and monitoring arrangements to ensure the implementation of said plan, as said plan may be amended from time to time with the agreement of the Bank.

5. “Indigenous Peoples Planning Framework” means the Recipient’s framework set forth in the Operational Manual, which includes, inter alia, the principles, objectives and the contents to be included in each indigenous peoples plan.

6. “Non-Consultant Services” means services under the Project, which services shall be bid and contracted on the basis of performance of measurable physical outputs.

7. “Operational Manual” means the Recipient’s manual, acceptable to the World Bank, dated April 26, 2007, which sets forth, inter alia: (a) the procedures for the carrying out, monitoring and evaluation of the Project; (b) the organizational structure of the Project; (c) the Project procurement, disbursement and financial management requirements and procedures; (d) the Indigenous Peoples Planning Framework; (e) the indicators to be used for Project monitoring and evaluation; (f) the procedures for preparation, prioritization and approval of Subprojects, including environmental criteria and procedures for screening and management of such Subprojects, and a negative list of environmentally sensitive investments ineligible for financing under a Subproject; (g) a model Subproject Agreement; (h) the criteria for eligibility of the Beneficiaries to participate in the Project; and
(i) guidelines for the adoption of an integrated pest management approach in all applicable activities to be developed under the Project the Operational Manual, as the same may be amended from time to time with the agreement of the Bank.

8. “PIU” means the Project implementation unit within the forestry directorate of SAGPyA (as hereinafter defined), and referred to in paragraph B.3 of Section I of Schedule 2 to this Agreement.


10. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 25, 2007 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

11. “SAGPyA” means Secretaría de Agricultura, Ganadería, Pesca y Alimentos, the Recipient’s Secretariat of Agriculture, Livestock, Fisheries and Food, or any successor thereto.

12. “Subgrant” means a grant made or proposed to be made by the Recipient out of the proceeds of the Grant to a Beneficiary for the co-financing of a Subproject pursuant to the terms of the Operational Manual, and the pertinent Subproject Agreement.

13. “Subproject” means any of the activities referred to in Part 3 (a) (i) of the Project.

14. “Subproject Agreement” means any of the agreements referred to in paragraph 1(a) of Part A, Section I of Schedule 2 to this Agreement.